

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTER

☐

DATE

March 06, 2019

MOTOR CARRIER MATTER

☐

DOCKET NO.

2019-27-E

UTILITIES MATTER

☒

ORDER NO.

SUBJECT:

DOCKET NO. 2019-27-E - South Carolina Electric & Gas Company Request for Approval of Forbearance Agreement with the South Carolina Public Service Authority (Santee Cooper), or in the Alternative, Acknowledge Consent of the Forbearance Agreement - Staff Presents for Commission Consideration South Carolina Electric & Gas Company's Request for Approval of Forbearance Agreement with the South Carolina Public Service Authority (Santee Cooper), or in the Alternative, Acknowledge Consent of the Forbearance Agreement.

COMMISSION ACTION:

On January 11, 2019, SCE&G requested that the Commission approve a Forbearance Agreement with the South Carolina Public Service Authority (Santee Cooper). This agreement, which results from SCE&G's and Santee Cooper's decision to stop construction of V.C. Summer Units 2 and 3, irrevocably waives SCE&G's rights to certain nuclear construction assets. SCE&G states that the requested relief will not involve a change to any of SCE&G's retail rates or prices, or require any change in any Commission rule, regulation, or policy

On January 30, 2019, the Commission requested that the Office of Regulatory Staff assess the impact of the Forbearance Agreement. ORS responded on February 12, 2019, stating approval of the Agreement could result in favorable tax treatment of the abandoned Project assets, if granted by the Internal Revenue Service, which in turn would benefit SCE&G Ratepayers. Given the potential for beneficial tax results that flow to ratepayers, ORS has no objection to approval of the Agreement, subject to protection for ratepayers should the IRS not accept the tax treatment proposed by the Company. ORS is specifically concerned about the tax treatment of a \$600 Million Net Operating Loss Carry-Forward.

SCE&G replied to ORS on February 22, 2019, asserting that it did not enter into the Forbearance Agreement for tax treatment purposes but because Santee Cooper wanted written assurance that SCE&G would not later claim interest in the abandoned assets. Additionally, SCE&G maintains that the IRS has already issued a Private Letter Ruling, stating that the Company sustained an abandonment under IRS Code section 165. I move that SCE&G file that letter with the Commission.

Further, SCE&G has committed to the Commission that, to the extent the tax deduction is disallowed, customers will still receive all the benefits approved by the Commission in Order No. 2018-804. The utility states that these benefits are already reflected in SCE&G's retail electric rates today and will remain there regardless of how the IRS responds to SCE&G's claimed deduction, and I move that we find that regardless of the resolution of the claimed deduction, customer benefits will be unchanged from those provided in Order No. 2018-804.

We'd like to thank ORS for its thorough response to our request. Given the reasons for the Forbearance Agreement, and SCE&G's assurance and this Commission's acceptance of its commitment that ratepayers will not be affected by an adverse ruling related to the Agreement's assets, I also move that we approve the Agreement.

PRESIDING: Randall

SESSION: Regular

TIME: 2:00 p.m.

	MOTION	YES	NO	OTHER
BELSER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
ERVIN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HAMILTON	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<u>Absent</u>
HOWARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
RANDALL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WHITFIELD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WILLIAMS	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Sick Leave

(SEAL)

RECORDED BY: J. Schmieding

